

Decentralization of marine fisheries management in Indonesia

A review with an economic perspective

By Arif Satria



Introduction

Decentralization in Indonesia was implemented under the establishment of *Undang-Undang (UU) 22/1999* (known as the local autonomy law) which is a result of the Reform movement initiated to correct the centralism practiced in the New Order of Soeharto era (1966-1998). By this law, local government has gained new authority in marine-fisheries management. According to this law, the sea area as far as 12 miles from the shoreline is under the provincial government authority, and within those 12 miles there are four miles directly under the authority of the local or district government. The local authorities' mandate includes: (a) exploration, exploitation, conservation, and marine resources management of the water area, (b) administrative management, (c) zone management, and (d) law enforcement of local regulations or central government regulations that are devolved to local government.

The content of UU 22/1999 indicates that the decentralization policy can be categorized as devolution, which is the strongest type of

decentralization. This policy has the potential to have a positive impact by strengthening a community-based fisheries management system. Aside from devolution, the central government is also mandated to minimize its role as the project executive, and is willing to limit its role to regulation only. However, many projects are recommended to be only deconcentrated or delegated to the local level as the central government appears reluctant to share this authority.

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This deconcentration of authority, in Indonesia, is often meant as the execution of national development projects by the local government under the plans, budget, and supervision of the central government. The performance of such deconcentration in the marine and fisheries sector is the concern of this article.

Decentralization, deconcentration, delegation, and devolution: What are we talking about?

Decentralization has been defined as the transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent government organizations or even the private sector and community associations. There are three types of administrative decentralization: deconcentration, delegation, and devolution. *Deconcentration* is the transfer of decision making authority and management responsibilities to local government, which is still under the supervision of central government ministries. This form is often considered the weakest form of decentralization and is usually strongly implemented in unitary states. *Delegation* is the transfer of responsibility for decision-making and administration of public functions to semi-autonomous organizations whereas central government retains the right to take the power back. Eventually, *devolution* is the transfer of authority for decision-making, finance, and management to quasi-autonomous units of local government with corporate status and without reference back to central government.

Performance of Deconcentration

One of the indicators of deconcentration is the amount of budget managed by the local government. Since the establishment of the local autonomy law in 1999, the deconcentrated budget of marine and fisheries development and management has significantly increased, from Rp 142.67 billion in 2001 to Rp 764.14 billion in 2004. When looking at the funding of deconcentrated projects in regard to the total project funding, there is an increase from 34.77% in 2001 to 56.19% in 2004. Although serious progress has been achieved in 3 years, the central government still retains a large role in managing and executing projects together with the local government. To elaborate the performance of deconcentration of marine and fisheries development and management, the analysis can be divided into three types: (a) regional, (b) program type, and (c) the government level basis.

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Regional Basis

The country is divided into a notional two parts: the Western Part of Indonesia (WPI) and Eastern Part of Indonesia (EPI). WPI covers Sumatra, Java, Bali, and some Kalimantan provinces, while EPI covers Sulawesi, Nusa Tenggara, Maluku, and Papua. WPI is recognized as a more developed region compared to EPI, as a consequence of national policy during the New Order that concentrated national development in the WPI region. However, when the reform era was initiated in 1999, the central government realized that the former

development strategy focusing on WPI should be reformed and changed to being fairer between the two regions.

For the marine and fisheries sector, the deconcentrated budget is still dominantly allocated to the WPI, even though it is gradually declining toward a balanced situation. Although, in absolute values, the deconcentrated budget for WPI has increased from Rp 195.42 billion to Rp 413.26 billion between 2002 and 2004, its share of the total deconcentrated funding was reduced from 58.20% in 2002 to 54.08% in 2004. Meanwhile, the EPI thus received an increased share of the funding from 41.80% to 45.92%.

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When looking at the amount of deconcentrated budget allocated to the provinces, it quickly appears the first three are the major provinces in Java: Central Java (7.98%), East-Java (6.16%), and West Java (5.50%). The province in the EPI that gains the highest share of deconcentrated budget is Maluku (4.73%). Why Maluku gets the highest budget among other provinces in EPI is linked to the national policy that attempts to help regions that have suffered in the past from severe damage because of social unrest. Maluku is damaged economically, physically, politically, and socially because of religious conflicts that have occurred since 1999.

From this detailed review, it can be concluded that even though there is shift in national development strategy to be more equal among regions, the majority of deconcentrated budget is still allocated to the WPI. This will be hopefully and progressively addressed as the potential for development of marine and fisheries resources in the EPI is much higher than in its western counterpart, already heavily exploited.

Program Basis

The Ministry of Marine Affairs and Fisheries classifies the program of marine and fisheries development into six types, as follows:

- (a) Monitoring, Control, and Surveillance (MCS), aimed at increasing MCS activities to assure optimal and sustainable marine and fisheries development and management, with a goal of minimising conflicts over marine and fisheries resource utilization, and to arrange a legal framework.
- (b) Fisheries Resources Management and Development (FRMD), aimed at managing, developing, and utilizing marine and fisheries resources in optimal and sustainable ways to improve the people's income, quality of human resources, increased national income and foreign exchange, and employment.
- (c) Conservation and Rehabilitation of Marine and Fisheries Resources (CRMF) aimed at promoting CRMF to enhance quality, and productivity of the resources, and to maintain sustainability also.
- (d) Spatial Management (SM), aimed at optimizing the utilization of the space of coastal, shore, and small islands through an integrated approach, in an attempt to avoid any conflict of interest in the utilization of space.
- (e) Research and technology development (RTD), aimed at supporting the optimisation of marine and fisheries management through promoting



Table 1. Allocation of Deconcentrated Budget Based on Program (in million rp.): Monitoring, Control, and Surveillance (MCS), Fisheries Resources Management and Development (FRMD), Conservation and Rehabilitation of Marine and Fisheries Resources (CRMF) Spatial Management (SM), Research and technology development (RTD), and Human Resources Development (HRD)

Program	2002		2003		2004	
	Value	%	Value	%	Value	%
MCS	4,400	0.94	6,800	0.98	21,440	2.68
FRMD	448,511.8	95.55	665,500	95.83	757,540	94.67
CRMF	4,050	0.86	6,500	0.94	6,800	0.85
SM	0	0.00	0	0.00	0	0.00
RTD	10,425	2.22	15,650	2.25	14,440	1.80
HRD	2,000	0.43	0	0.00	0	0.00
Total	469,386.8	100.00	694,450	100.00	800,220	100.00

RTD in various areas, including capture fisheries, aquaculture, marine technology, non-renewable resources, processing, and socio-economics, and the dissemination of information and technology.

- (f) Human Resources Development (HRD), aimed at developing human resources of the government in various areas: planning, execution, and regulation.

From the six types of program held by the government, FRMD is primarily dominant in the allocation of the deconcentrated budget (Table 1). During 2002-2004, around 95% of the deconcentrated budget was allocated for FRMD programs, whereas CRMF was less than 1%. RTD's allocation has decreased from 2.22 % to 1.8%. This data show that the central government is still mostly focusing on promoting the economic benefit of marine and fisheries development in regional areas. This also reflects that the economic aspect of fisheries development is the main concern of central government.

Government Level Basis

There are three levels in the deconcentration process: provincial government, municipal government, and Technical Executing Unit (TEU), which belong to central government. The central government still focuses the allocation of the deconcentration budget to the provincial government. In 2004, the allocation for the provincial government (30.81%) is highest than for the other levels, even though it is less compared to previous years. Meanwhile, the deconcentrated budget

for the municipal government (allocated to the Empowerment of Economic Coastal Communities or EECC program, as described below) was equivalent to 9.78% in 2004 while the deconcentrated budget for TEU is 15.59%, which is higher than the share received by municipal government.

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The dominance of the provincial government in handling deconcentration programs leads to some problems. The provincial government does not often involve the municipal level in either the planning or implementation processes of the programs. In effect, the municipal governments are not responsible over the program or projects even though those are held within the municipal territory. This situation affects the performance of the projects and has some “missing link” with the programs initiated directly by the municipal government. Therefore, this “missing linkage” leads to inefficiency and ineffectiveness of the deconcentrated programs. In other words, the municipal government often becomes “a guest” in its own “home”.

One case of deconcentration to a regency government, through the EECC program, is in Lombok Barat, Nusa Tenggara Barat Provinces. The program started in 2001 until 2004 with the amount of block

Table 2. Funds for Economic Empowerment for Coastal Community Programs in Lombok Barat (in Rp.)
 Source : Dinas Perikanan dan Kelautan, LBR, 2004

Years	Block Grant	Accompanying Fund (provided by the LBRG)	Percentage
2001	600,000,000	70,200,000	11.7
2002	950,000,000	98,000,000	10.3
2003	962,500,000	160,044,000	16.6
2004	791,660,000	769,781,000	97.2

grant provided by the central government as shown in Table 2. One of the requirements to get this block grant from the central government was that the local government would be providing an increasing accompanying fund. The Lombok Barat regency Government (LBRG) has provided amounts ranging from 10.3% to 97.2% from 2001 to 2004.

Deconcentration of the EECC program to the regency governments was criticized by the provincial government, which stated that the program should be deconcentrated to the provincial level rather than the regency level. One of the reasons advanced is that the provincial government has the mandate to be “representative” of central government to the lower levels, so all programs initiated by the central authorities should be handled by the provincial government. Meanwhile, the regency government thinks that the provincial government is a coordinating agency instead of an executing agency, so all programs that are deconcentrated by the central government should go directly to the regency.

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As a result, the central government tried to moderate the opposite views and placed the provincial government as an agency for monitoring and controlling

the program. Moreover, the provincial government was endorsed as a channel for the regency to submit its proposal or application to the central government. The implementation of the program nonetheless remained under the authority of the regency government.

Back to LBRG, the deconcentration of the EECC program is perceived as the proper way of deconcentration. Some positive effects of such deconcentration were reported as follows:

- a) the LBRG becomes more responsible to make the program successful
- b) the LBRG is better informed about the local conditions, leading to a better implementation of the program
- c) It is easier for the LBRG to coordinate and link the related programs and thus avoid overlap

“This exemplifies the old concept that marine areas belong to all.”

Fiscal Decentralization

The implementation of the fiscal decentralization in Indonesia is based upon another *Undang-Undang* (No 25/1999) concerning a financial sharing system between central and local government. Based upon this law, the central government obtains 20% of the value of local fisheries revenue, which may stem from taxes or fees, whereas 80% goes to the local government. It is important to state that the total amount collected at the central level from the marine and fisheries sector is redistributed to all the local governments of Indonesia, without exception, even to local areas not involved in fishing. This is different from the forestry case, where 80% will be returned only to local areas producing

forestry products, whereas non forestry-production areas will not benefit from the sharing system. Moreover, the 20% remaining goes to the central government. This two-fold regulation seems unfair and discourages the areas where livelihoods rely upon fishing. This exemplifies the old concept that marine areas belong to all.

Aside using the sharing system, the regencies governments have other sources of revenue, called *Dana Alokasi Khusus (DAK)* or the specific allocation fund for the marine and fisheries sector. DAK, which stems from the national budget, is allocated by the central government for infrastructure development purposes, like the rehabilitation of fish landing sites, hatchery stations, or fish markets. In 2004, the value of DAK for marine and fisheries sector was Rp 305.47 billion, distributed to 202 regencies with more than Rp 1 billion for each municipality. To get access to DAK funding, the municipal governments are required to choose the projects, prepare proper proposals, and

provide a Municipal Budget as a complement for DAK. The central government has several criteria for consideration when deciding how the DAK will be distributed, which the municipal governments must take into account. These are as follows:

- 1.) Because of limited budgets, the municipal government are required to choose the projects based upon their top priority
- 2.) The project scale is determined by the minimum need identified
- 3.) Infrastructure development or rehabilitation must avoid conflict over land use
- 4.) The municipal governments are obliged to provide accompanying funds of at least 10 % of the DAK, and an initial budget for land clearance, project design, consultancy costs, and supervision costs.



5.) The municipal governments are required to consult and coordinate with the provincial government concerning the preparation of projects, including the selection of site, detailed design, and budget

6.) The provincial governments are required to continuously monitor and evaluate the implementation of the projects within their area of authority

Concluding Remarks

The establishment of UU 22/1999 is effectively encouraging the central government to share authority to the lower levels. In the deconcentration of marine and fisheries development and management authorities, there is a positive trend shown by a rise of budget allocated to local government. Nevertheless, there are some critical points regarding such deconcentration processes that remain to be addressed.

Firstly, the central government still prevails in the management and execution of the most costly projects rather than the local government. Secondly, even though there is a shift in national development strategy toward more equality between regions, the majority of deconcentrated budget is still allocated to the Western Part of Indonesia. Thirdly, central government appears to concern with the economic aspects of fisheries resources management and development (FRMD) programs for deconcentration. Fourthly, central government still focuses the allocation of the deconcentration budget to the provincial government rather than the municipal government. The regencies government's capacity on these issues, even if still limited, is not acknowledged fully yet. On the contrary, deconcentration to the municipal level is actually very effective as shown by EECC program case.

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To strengthen the decentralization of the marine and fisheries development and management responsibility, the central government should be consistent in sharing

the authority with the local government and improving the legal framework and policy process with respect to the spirit of decentralization. On the other hand, at the local level, the capacity of the local government must be enhanced to meet the principles of decentralization: accountability, efficiency, and effectiveness. Lastly, the mutual trust among the central, provincial, and municipal government is necessary for better decentralization of the management of the marine and fisheries sector.

Further Readings:

Satria Arif, Yoshiaki Matsuda. 2004. Decentralization Policy : An Opportunity for Strengthening Fisheries Management Systems. *The Journal of Environment and Development*, Vol 13, No 2, 179-196

Satria Arif, Yoshiaki Matsuda. 2004. Decentralization of Fisheries Management in Indonesia. *Marine Policy* Vol 28, 437-450

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